

TESTIMONY OF MICHAEL G. ROBERTS,
SENIOR VICE PRESIDENT AND GENERAL COUNSEL,
CROWLEY MARITIME CORPORATION, AND
REPRESENTATIVE OF THE AMERICAN MARITIME PARTNERSHIP

Before the Subcommittee on Coast Guard and Maritime Transportation of the
Committee on Transportation and Infrastructure,
U.S. House of Representatives

Creating Jobs and Increasing U.S. Exports
By Enhancing the Marine Transportation System
June 14, 2011

Thank you Mr. Chairman for the opportunity to testify today about the important role of the U.S. maritime industry in job creation in the United States. We are aware of this Committee's and Subcommittee's longstanding interest in transportation as an economic engine of our economy, and are grateful for the chance today to tell our story.

My name is Michael G. Roberts, and I am senior vice president and general counsel of Crowley Maritime Corporation, one of the largest American maritime companies. Crowley's headquarters are in Jacksonville, Florida. We have employees in about 20 states, and substantial operations from the Alaska North Slope to south Florida. Crowley provides diversified services including container shipping, energy transportation and distribution, logistics, offshore development support, emergency response, and other services. While the majority of our business involves domestic markets, Crowley is a worldwide company with offices throughout Latin America, and in Europe, the Middle East, and Asia.

I am also here today as a representative of the American Maritime Partnership – "AMP" – an organization representing the domestic American maritime industry. AMP's membership includes ship operators like Crowley, American seafarers, ship construction and repair yards,

dredging and marine construction companies, passenger vessel operators, and pro-defense groups like the Navy League.

Let me start with a basic statement that is well known to the Members of this Subcommittee, but may not be obvious to others.

Like aviation, trucking and other more visible modes of transportation, the maritime industry is a large and critically important component of the transportation circulatory system that sustains our national and international economy. In international trades, 95% of the imports to and exports from our nation move on ships. That includes everything from the most sophisticated electronics to plastic toys to essential commodities like petroleum, grain and iron ore. Between 2004 and 2009, U.S. domestic and foreign waterborne trades amounted to an average of over 2.6 billion metric tons per year.¹

The American domestic maritime industry includes those who own and operate vessels, as well as those who build and repair them at hundreds of large and small shipyards on all coasts and in the Great Lakes. These vessels may carry cargo on our inland river systems and in Great Lakes trades, along our coasts, and connecting Alaska, Hawaii, Puerto Rico and Guam to the U.S. Mainland. The industry also includes vessels that provide a variety of non-transportation services in domestic waters, from tugboats and ferries to highly sophisticated offshore support vessels. The single most active maritime region in our nation is the Gulf of Mexico, as the State of Louisiana has more economic activity related to the domestic maritime industry than any other.

¹ United States Department of Transportation, Maritime Administration. (February 2011). *U.S. Water Transportation Statistical Snapshot*. Washington, DC.

Taken as a whole, the American maritime industry is a large and vitally important part of our domestic economy. We generate about \$100 billion per year in economic activity, and provide jobs to almost half a million Americans. Maritime is also the most efficient and environmentally friendly mode of transportation. By one measure, the American maritime industry moves about one-quarter of our domestic commerce for about 3% of the domestic freight bill. The industry has a low environmental footprint, as it emits less than one-half ton of nitrogen oxide per million ton-miles, resulting in less air pollution and reduced climate change effects.²

With that background, let me first say that we appreciate your leadership in looking for ways to improve our maritime transportation system and create more jobs along the way. A good starting point for considering this is to define the role of government in the commercial maritime industry, and I would make brief comments in three areas – government *regulation*, government *spending*, and government *promotion*.

Regulation. First, the government clearly has the key role to play in setting and enforcing the rules under which the commercial industry is to operate. In this regard and not surprisingly, our principal request would be your continued support for the Jones Act. This is the law that requires that cargo moved between U.S. points be transported on American vessels. Virtually identical laws apply to dredging, towing and the transportation of passengers. Very similar laws apply to the U.S. aviation industry, and to the maritime and aviation industries of many foreign nations.

² Government Accountability Office. (January 2011). *Surface Freight Transportation: A Comparison of the Costs of Road, Rail, and Waterways Freight Shipments That Are Not Passed on to Consumers* (GAO-11-134). Washington, DC.

This fundamental maritime law provides important national security, homeland security and economic security benefits to our nation. As mentioned, a recent study by PricewaterhouseCoopers for the Transportation Institute shows that the domestic American maritime industry includes about 40,000 vessels, contributes about \$100 billion in economic activity, and provides about 500,000 family wage jobs to Americans each year. We are proud to be a part of this industry.

This Subcommittee's support for the Jones Act is greatly appreciated. During the Gulf Spill, some individuals suggested that the Jones Act impeded the cleanup by keeping out foreign skimmer vessels. Fortunately, thanks in large part to this Subcommittee, the record has been corrected. On February 11, 2011, Admiral Thad Allen stated unequivocally before this Subcommittee that not a single foreign ship was turned away because of the Jones Act. His statement echoes statements now by every relevant federal government official as well as the two major reports that have been completed evaluating the causes and responses to the spill.

In fact, it is clear now that rather than inhibit the cleanup, the American domestic maritime industry distinguished itself in the cleanup. The presence of a strong domestic industry showed itself in ways ranging from the initial, heroic rescue of employees on the rig immediately after the explosion, to providing the largest maritime activation since D-Day in responding to the ongoing environmental disaster.

But that experience served as a reminder to us about the importance of public education about the domestic maritime industry and the Jones Act. Billions of private sector dollars have been invested – and billions more need to be invested – to maintain and renew our commercial domestic maritime fleet. These investments rest in no small part on confidence that the laws

governing this industry will be properly enforced, and will not be changed in ways that undermine the value of the investments. We are doing what we can to make sure all Members of Congress and other public officials are fully aware of the important national, homeland, and economic security benefits of the Act.

Many other regulatory matters too numerous and complex to discuss at this point can have a positive or negative effect on the maritime industry. However, I will mention one additional regulatory issue here, because it is a potential near-term game-changer. We are confident that thousands of maritime jobs would be created or restored if the government would resume the normal pace of considering and approving energy development permits in offshore locations. This includes drilling permits as well as permits to establish wind farms and other renewable energy installations on the Outer Continental Shelf. We also believe it is self-evident from a legal and practical standpoint that the jobs associated with these projects must be filled by American workers.

Spending. Turning next to government spending, similar to aviation, trucking and most other transportation modes, most government spending in connection with the commercial maritime industry has properly been focused on creating and sustaining infrastructure – the waterways, seaports, safety systems, and other assets needed to have a safe and efficient maritime system. In tandem with this government infrastructure investment, the overwhelming majority of investment in vessels, equipment, training, and other resources needed to provide services using the infrastructure comes from the private sector, and is based on the normal expectation that such investment will produce a reasonable return.

As Members of this Subcommittee well know, government revenue to build and maintain the federal maritime infrastructure comes from both dedicated taxes and general revenue.

Dedicated tax revenues from maritime commerce and industry include the Harbor Maintenance Tax and inland waterways fuel tax, which are deposited in trust funds. General revenue such as tariffs on imported goods and user fees, comes from several sources, including from maritime commerce and industry; this revenue is not deposited into trust funds. In 1999, the GAO found that maritime commerce and industry paid more than \$20 billion annually in tariffs, fees and dedicated federal taxes (not including income taxes).³ This is several times more than the annual federal costs to construct and maintain U.S. maritime transportation infrastructure.

Unfortunately, almost half of the annual revenue coming into the Harbor Maintenance Trust Fund is diverted to other uses. Consequently, harbor navigation channels are becoming shallower and narrower as they silt in.

Developing and maintaining a world-class maritime infrastructure, such as harbors that can accommodate the world's largest ships, modern lock-and-dam systems, are *precisely* the kind of stimulus projects that should be going forward in this tough economy. They provide jobs to people today. They represent a much-needed *investment* in our children's future, helping America to keep pace with its global economic rivals. The cost of doing these projects today is relatively cheap compared to boom times. The projects would generate economic activity and federal revenue to offset their costs over time. In the case of harbor maintenance, the money needed to do these projects has already been paid into the government. Not expanding and maintaining our maritime infrastructure will cost the U.S. economically by making transportation

³ Government Accountability Office. (September 1999). *Commercial Maritime Industry: Updated Information on Federal Assessments* (GAO/RCED-99-260). Washington, DC.

less efficient and U.S. exports less competitive, which will result in communities and industries losing economic activity and jobs to more accessible locations.

The maritime industry strongly supports your efforts to recapture the maritime infrastructure funding that has been diverted to other uses, and to cut through red tape and break down unreasonable regulatory barriers to going forward with these projects.

Promotion. Government has an important role to play in promoting the American maritime industry. That role includes not only educating the public as to the importance of the industry, but also supporting and updating several specific programs designed to foster a more vibrant maritime industry. From an education standpoint, your involvement in highlighting the important role of maritime transportation in our nation is vitally important. In many respects, maritime is the forgotten mode of transportation. For example, the *Wall Street Journal* recently published an entire section addressing transportation policy in the United States – *there was not a single mention of the maritime industry.*

We recognize that Members of this Subcommittee are well familiar with the maritime industry, but many Members of Congress and other federal decision-makers are not. Hearings like this, where we can have a conversation about the important role of the maritime industry, are important. And Chairman Mica's announced plan to include a maritime title in the transportation authorization bill is another welcome recognition of the importance of the maritime industry. Such recognition is essential to maintaining and growing the American maritime industry.

In terms of support for specific promotional programs, we urge you to continue to do what you do best – review and support federal programs that are key to the expansion and

growth of the maritime industry. The Maritime Security Program and cargo preference laws, for example, provide the framework for a model partnership between the private sector and the government. These programs help keep the American flag flying in international trades while meeting a critical defense sealift need at a very small fraction of the cost that taxpayers would otherwise have to pay. Similarly, the Title XI loan guarantee program, when administered using sound underwriting criteria and efficient procedures, provides important financial backing for economically sound projects at American shipyards at little or no cost to taxpayers. These and other programs, as well as a commitment to maintain an internationally competitive tax policy, are vitally important to maintaining and growing jobs in the American maritime industry.

Thank you for the opportunity to appear today, and for your continued support of the American maritime industry. I look forward to answering your questions and to a continuing dialogue about these issues.

Curriculum Vitae

MICHAEL G. ROBERTS

Summary

Mike Roberts has handled legal, regulatory and legislative matters involving the transportation industry for more than thirty years. He has worked in government service, as a partner in leading law firms, and as a senior executive for Crowley Maritime Corp., one of America's largest maritime companies. Roberts first joined Crowley in 1991, and has managed many of the major legal and policy issues the company has faced since then. These include technical and policy issues related to domestic and international shipping and trade, government contracting, and a variety of commercial matters. He has aggressively promoted the American maritime industry through his leadership positions on trade groups such as the American Maritime Partnership.

Experience

Crowley Maritime Corp.

- Senior Vice President and General Counsel (2008-Present). Chief legal officer of the company and member of the senior leadership team based in Jacksonville, Florida. Overall responsibility for handling the legal, regulatory and policy issues facing the company; government business development; risk management and insurance; and corporate secretary.
- Vice President, Government Relations (1994-2000); Corporate Counsel (1991-1994). Major legislative initiatives included Maritime Security Program, Ocean Shipping Reform Act of 1998, Coast Guard authorization acts, tax reform bills, and other matters.

Venable LLP (2004-2008); Thompson Coburn LLP (2000-2004).

- Partner in Washington offices of major law firms focused on regulatory and legislative matters affecting the transportation industry. Continued handling government relations, regulatory and other matters on behalf of Crowley.

Private Law Practice (1985-1991).

- Associate attorney with boutique law firms specialized in transportation regulatory matters.

Government Service (1979-1984).

- Includes Antitrust Division, U.S. Department of Justice, and clerk for DC Superior Court Judge.

Education

Adjunct Professor of Law, American University, Washington College of Law (2002-2007 part time).

American University, Washington College of Law (JD cum laude 1982).

Michigan State University, Justin Morrill College (BA with high honors 1977).

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name: Michael G. Roberts

(2) Other than yourself, name of entity you are representing:

- Crowley Maritime Corporation
- American Maritime Partnership

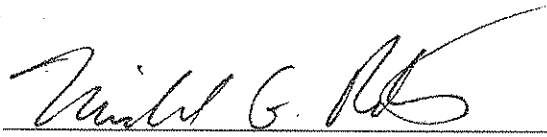
(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity? YES – See attachments A and B.

YES If yes, please provide the information requested below and attach your curriculum vitae.

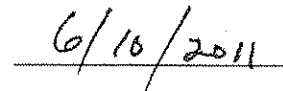
NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

See Attachment A.



Signature



Date

Att. A

GOVERNMENT SERVICES MAIN CONTRACT LIST

Customer/Contract Description	'10 Revenue (thru 4th Q)	Commercial	Contract Number
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
DEFENSE FINANCE & ACCTG SVC	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
FEDERAL AVIATION ADMIN	[REDACTED]	[REDACTED]	[REDACTED]
NATIONAL PARK SERVICE	[REDACTED]	[REDACTED]	[REDACTED]
US COAST GUARD	[REDACTED]	[REDACTED]	[REDACTED]
US DEPARTMENT OF THE INTERIOR	[REDACTED]	[REDACTED]	[REDACTED]
USG-FISH & WILDLIFE SVC - GAL	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
US GOVERNMENT	[REDACTED]	[REDACTED]	[REDACTED]
US POSTAL SERVICE	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
AAFES ADC	[REDACTED]	[REDACTED]	[REDACTED]
AMERICAN EMBASSY	[REDACTED]	[REDACTED]	[REDACTED]
FE4808 612 ABS LGS AF S	[REDACTED]	[REDACTED]	[REDACTED]
GENERAL SERVICES ADMIN	[REDACTED]	[REDACTED]	[REDACTED]
GSA FLEET MNGT SVCS /GSA TRFC MNGT BRCH	[REDACTED]	[REDACTED]	[REDACTED]
GSA SAN JUAN FLEET MANAGEMENT	[REDACTED]	[REDACTED]	[REDACTED]
JOIN TASK FORCE BRAVO	[REDACTED]	[REDACTED]	[REDACTED]
JUSTICE DEPT OF	[REDACTED]	[REDACTED]	[REDACTED]
OVERSEAS MILITARY SALES	[REDACTED]	[REDACTED]	[REDACTED]
PR W3PT USODG PANAMA	[REDACTED]	[REDACTED]	[REDACTED]
S D D C [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
SR W49S USA E JT LATIN AM SPT	[REDACTED]	[REDACTED]	[REDACTED]
SREW7PA USPFO ACTIVITY PR ARNG	[REDACTED]	[REDACTED]	[REDACTED]
TRANSPORTATION SECURITY ADMIN.	[REDACTED]	[REDACTED]	[REDACTED]
UNICOR FEDERAL PRISON IND INC	[REDACTED]	[REDACTED]	[REDACTED]
US AID	[REDACTED]	[REDACTED]	[REDACTED]
US ARMY ELEMENT NASSAU	[REDACTED]	[REDACTED]	[REDACTED]
US COAST GUARD	[REDACTED]	[REDACTED]	[REDACTED]
US DEPARTMENT OF STATE [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

GOVERNMENT SERVICES MAIN CONTRACT LIST

US DESPATCH AGENT	[REDACTED]	[REDACTED]	
US POSTAL SERVICE	[REDACTED]	[REDACTED]	
USFWS JACKSONVILLE FIELD OFFICE	[REDACTED]	[REDACTED]	
USS FREEDOM C/O INOHCAP SHP	[REDACTED]	[REDACTED]	
W495 JTFB USARSO CTA YARD	[REDACTED]		[REDACTED]
W6BF SOTO CANO / XR W3PT USMLO BELIZE	[REDACTED]		[REDACTED]
OTHERS	[REDACTED]	[REDACTED]	
Marine RRF Fleet (MARAD) [REDACTED]			[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
	[REDACTED]		
Energy & Marine - Navy Salvage	[REDACTED]		[REDACTED]
Petroleum RRF Fleet (MARAD) [REDACTED]	[REDACTED]		[REDACTED]
[REDACTED] Oil Transportation Barge	[REDACTED]		
9171	[REDACTED]		[REDACTED]